

STATE OF NEW YORK
COMMUNITY DEVELOPMENT BLOCK GRANT
DISASTER RECOVERY (CDBG-DR) PROGRAM

SUBSTANTIAL AMENDMENT NO. 18

Approved by HUD January 17, 2018

Additions to: New York State Action Plan Incorporating Amendments 8-17

In sections: Proposed Allocation of Funds and Economic Development.

Summary:

Action Plan Amendment 18 (APA 18) will address the following items:

- A. *Proposed Allocation of Funds:* Table and references to allocation amounts updated to reflect the reallocation of funds between programs.
- B. *Clarification to Small Business Grant Program:* Clarification provided on how the Small Business Grant Program determines working capital awards. This clarification is to reflect how the awards have been determined for the Program and does not impact applicants' awards.
- C. *NY Rising Small Business Flood Insurance Program:* This new program will assist NY Rising Small Business Grant Program applicants in paying for flood insurance premiums, helping ensure that properties are adequately protected from future disasters.

Changes are indicated in red text.

A. Proposed Allocation of Funds

Description of changes: All updates associated with the proposed APA18 allocation of funds will be made to the tables at page 6 and page 57 of the State's Action Plan. Allocation amounts to reflect this proposed reallocation will also be updated throughout the Action Plan wherever referenced.

As described in the State's Action Plan (Updated Impact and Unmet Needs Assessment, pg. 9), there remain unmet needs in all recovery categories of Housing, Economic Development, and Infrastructure. As applicants move through the Housing and Small Business Programs, the State assesses need based on the best available information, to ensure that the allocations are sufficient to provide awards to eligible applicants. The proposed APA18 allocation of funds considers the unmet needs analysis already identified in the State's Action Plan and the need of eligible applicants in its Housing and Small Business Grants programs.

Need increased in the IMA component of the NY Rising Housing Program as applicants took advantage of the opportunity to elevate their homes through Optional Measures. This, along with the length of construction timelines, are factors for the reallocation of funds to the IMA program. The State or local municipality plans to cover the local match amounts that will not be funded by CDBG-DR funds. In addition, the State is making a budget adjustment to reflect additional work in multi-family public housing authorities (PHAs). The State's objectives to preserve and create multi-family affordable housing and PHAs will continue to be met through this budget adjustment.

From pages 6 and 57 of the New York State Action Plan:

Program	APA 17 Allocation	APA 18 Change	Revised APA 18 Allocation
Total of All Programs	\$4,516,882,000		\$4,516,882,000
Housing	\$2,676,485,106	\$17,722,207	\$2,694,207,313
<i>NY Rising Homeowner Recovery Program</i>	\$1,648,277,424		\$1,648,277,424
<i>NY Rising Condominium & Cooperative Program</i>	\$35,000,000		\$35,000,000
<i>Interim Mortgage Assistance Program</i>	\$49,000,000	\$17,000,000	\$66,000,000
<i>NY Rising Buyout and Acquisition Program</i>	\$680,207,682		\$680,207,682
<i>NY Rising Rental Buildings Recovery Program</i>	\$234,000,000		\$232,000,000
Rental Properties and Affordable Rental Opportunity	\$124,000,000		\$124,000,000
Multi-Family Affordable Housing	\$110,000,000	(\$2,000,000)	\$108,000,000
<i>Public Housing Assistance Relief Program</i>	\$10,000,000	\$2,722,207	\$12,722,207
<i>Manufactured Home Community Resiliency Program</i>	\$20,000,000		\$20,000,000
Economic Development	\$113,000,000	\$11,277,793	\$124,277,793
<i>Small Business Grants and Loans</i>	\$82,600,000	\$12,000,000	\$94,600,000
<i>Business Mentoring Program</i>	\$400,000		\$400,000
<i>Tourism and Marketing</i>	\$30,000,000	(\$722,207)	\$29,277,793
Community Reconstruction	\$698,432,794		\$698,432,794
<i>NY Rising Community Reconstruction Program</i>	\$698,432,794		\$698,432,794
Infrastructure and Match	\$623,120,000	(\$29,000,000)	\$594,120,000
<i>Local Government & Critical Infrastructure Program</i>	\$145,000,000		\$145,000,000
<i>Non-federal Share Match Program</i>	\$236,920,000	(\$29,000,000)	\$207,920,000
<i>Suffolk County Coastal Resiliency and Water Quality Improvement Initiative</i>	\$47,000,000		\$47,000,000
<i>Bay Park Waste Water Treatment</i>	\$101,000,000		\$101,000,000
<i>Long Island Power Authority</i>	\$90,500,000		\$90,500,000
<i>Resiliency Institute for Storms and Emergencies</i>	\$2,700,000		\$2,700,000
Rebuild by Design	\$185,000,000		\$185,000,000
<i>Living with the Bay: Slow Streams</i>	\$125,000,000		\$125,000,000
<i>Living Breakwaters: Tottenville Pilot</i>	\$60,000,000		\$60,000,000
Administration & Planning	\$220,844,100		\$220,844,100

B. Clarification to Small Business Grant Program

Description of changes: Clarification provided on how the Small Business Grant Program determines working capital awards. This clarification is to reflect how the awards have been determined for the Program and does not impact applicants' awards.

From pages 80-81 of the New York State Action Plan:

NY Rising Economic Development and Revitalization

Activity Type: Economic Revitalization

National Objective: Low- and Moderate-Income, Urgent Need, or Slum and Blight

Geographic Eligibility: All damaged declared counties

Eligible Activity: Economic Development Sec. 105(a)(2), (8), (14), (15), (17), (21), (22) 42 U.S.C. 5305(a)(14) (15) (17) (22); Economic Revitalization FR-5696-N-01 (VI) (D); Tourism FR-5710-N-01 (ii) (3)

Program Description: This Program provides for a broad spectrum of activities to support the varied needs of communities recovering from the disaster. Current economic development efforts focus on small business grants, loans and mentorship activities and may expand to address long-term economic development goals of impacted communities. The State continues to implement these recovery-focused economic development programs:

- The Small Business Grant ~~and Loan~~ Program provides small businesses with the financial support needed to stabilize their business operations. ~~The State is committed to the recovery of small businesses, and the Program provides small businesses grants for repair/replacement of damaged machinery, equipment, furniture, fixtures, inventory, and building/property, working capital assistance, and/or mitigation assistance to prevent future damage. This program is not a compensation program and does not compensate for losses from the storm.~~

~~For a working capital award, the Program considers direct evidence of the impact of the storm as a proxy for revenue loss, and the size of the award is based on documented working capital related costs prior to the storm as a proxy for unmet working capital need in the aftermath of the storm when the businesses could not function normally. Program calculates 6 months of all eligible working capital expenses except property taxes using a monthly average based on the three-month quarter before the storm, to show the level of expenses incurred by the business before any storm damage occurred. Property taxes for all applicants are reimbursed based on the actual 6 months following the storm.~~

~~To date, the Small Business Grant and Loan Program has awarded 696 grants for a total of \$25,500,000. The State is committed to the recovery of small businesses and intends to use this final allocation to continue that assistance.~~

- The Coastal and Seasonal Tourism Industry Programs, which are being implemented in tandem with the Small Business Grant and Loan program, targets resources to these heavily impacted industries. The Coastal and Seasonal Tourism Industry programs have historically been administered in tandem with the Small Business Grant and Loan program, providing additional assistance to those applicants that qualify for the Grant program AND

demonstrate they fall within a coastal or seasonal tourism industry. The **updated** budget reflects the Programs more accurately by rolling up the assistance for the Coastal and Seasonal Tourism Industry Programs into the Small Business Grant and Loan Program budget.

- The Tourism Marketing Program provides critical promotion of impacted communities, many of which rely on tourism dollars as part of their economy.
- The Business Mentor NY Program provides mentorship support to small businesses to give businesses the tools to continue to recover and grow.

As needs related to long-term economic development emerge, additional activities to support the business sector may include: small business technical assistance; commercial redevelopment or enhancement; development of public facilities related to economic development; industry cultivation and/or preservation; workforce training or development; planning for economic growth and other activities to catalyze the State's economic recovery. Eligible activities may also include infrastructure development for economic recovery and revitalization purposes as well as mitigation, resiliency and green building efforts to protect, strengthen and increase efficiency of such investments. It is through this comprehensive approach to revitalization that the State will continue to support its communities as they rebuild, recover and grow.

Economic Revitalization can include any eligible activity under Section 105(a) that demonstrably restores and improves some aspect of the local economy; the activity may address job losses, or negative impacts to tax revenues or businesses. All Economic Revitalization activities must address an economic impact(s) caused by the disaster (e.g., loss of jobs, loss of public revenue).

Eligible Applicants: Eligible applicants include local governments and other public agencies, for-profit businesses, nonprofit organizations and other State agencies.

Eligible Criteria: Economic Revitalization efforts enable a multi-pronged approach to ensure the businesses in New York's most impacted areas are provided the support they require, including:

- Coordination of priority projects and key economic revitalization needs identified within a Community Reconstruction Plan;
- Alignment to State and local long-term economic development priorities;
- Financial support to impacted communities for economic revitalization efforts including, but not limited to:
 1. Financial and technical assistance to microenterprise, small and medium-sized businesses;
 2. Prioritized economic revitalization assistance to impacted low- and moderate-income communities;
 3. Workforce training in key economic growth sectors;
 4. Development of high-growth industry clusters;
 5. Revitalization and preservation of legacy sectors including agriculture, aquaculture, and fisheries;
 6. Enhancement of recreational and cultural venues and organizations to increase job opportunities and increase local tax revenues;
 7. Rebuilding and expansion of infrastructure to attract and retain businesses and improve job access;
 8. Rebuilding and development to mitigate and increase resiliency for future impacts;
 9. Conducting planning activities to develop comprehensive revitalization and development plans; and,

10. Enhancement and/or development of public facilities to further the economic revitalization of storm-impacted areas.

C. NY Rising Small Business Flood Insurance Program

Description of changes: The NY Rising Small Business Flood Insurance Program is a new program that will allow the State to provide applicants participating in the NY Rising Small Business Grant Program, who received an eligible award, with funding for flood insurance premiums. Eligible insurance premiums will be provided by the NY Rising Small Business Grant Program in exchange for applicants signing a grant agreement which requires the maintenance of flood insurance in perpetuity, if applicable.

New section within the NY Rising Economic Development and Revitalization Program:

NY Rising Small Business Flood Insurance Program

Activity Type: Economic Revitalization

National Objective: Low- and Moderate- Income (LMI) and Urgent Need

Geographic Eligibility: All damaged declared counties

Eligible Activity: Economic Development Sec. 105(a)(2), (8), (14), (15), (17), (21), (22); 42 U.S.C. 5305(a)(14) (15) (17) (22); Economic Revitalization FR-5696-N-01 (VI) (D); Tourism FR-5710-N-01 (ii) (3)

Eligible Applicants: Recipients of eligible awards in the NY Rising Small Business Grant Program.

Program Description: Eligible applicants who received an award from the NY Rising Small Business Grant Program may be required to maintain flood insurance to ensure that CDBG-DR assisted properties are protected from future disasters. The initial costs associated with federal flood insurance requirements can be a major obstacle for vulnerable populations served by GOSR's Small Business program. To protect the CDBG-DR investment and to serve a vulnerable group, small businesses, where applicable, GOSR proposes to use a portion of the NY Rising Small Business Grant Program allocation to provide eligible applicants who received an award with assistance in obtaining required flood insurance and sufficient coverage. This assistance will cover the costs of initial flood insurance premiums for properties covered by the Flood Disaster Protection Act of 1973, as amended, pursuant to 24 CFR 570.605.

Eligible insurance premiums will be reimbursed by the NY Rising Small Business Grant Program in exchange for applicants signing a grant agreement which requires the maintenance of hazard and flood insurance in perpetuity, if applicable. The Program will provide reimbursement for eligible flood insurance premiums for up to one year, not to exceed \$10,000 per business, subject to funding availability.

Eligible Applicants:

- Applicant must be a recipient of CDBG-DR grant funds in the NY Rising Small Business Grant Program.

- Applicant must have received 100% of the award and must be in good standing.
- Applicants who have never obtained insurance coverage in the amount to be covered by the CDBG-DR investment. For example, if there is already adequate flood insurance on file, an applicant is not eligible for reimbursement.
- Applicants must be located in the floodplain.
- Other eligibility requirements may apply.

Public Comments

The Governor's Office of Storm Recovery (GOSR) posted Action Plan Amendment 18 (APA 18) for public comment on October 20, 2017. At that time, GOSR began accepting comments on the website www.stormrecovery.ny.gov, as well as through the mail. A Public Hearing was also held in New York County on November 2, 2017. The comment period officially ended at 5 pm on November 18, 2017.

The legal notices of these hearings and the comment period were published in the NY Times as well as in three local non-English newspapers, El Diario (Spanish), Russkaya Reklama (Russian) and Sing Tao (Simplified Chinese).

This Amendment was made accessible to persons with disabilities upon request (by telephone or in writing). Translations of APA 18 were available in Simplified Chinese, Russian and Spanish, the three most commonly used languages in the storm affected areas of New York State based on an analysis of Census data for households with members five years or older with limited English proficiency.

GOSR received no comments related to APA 18.